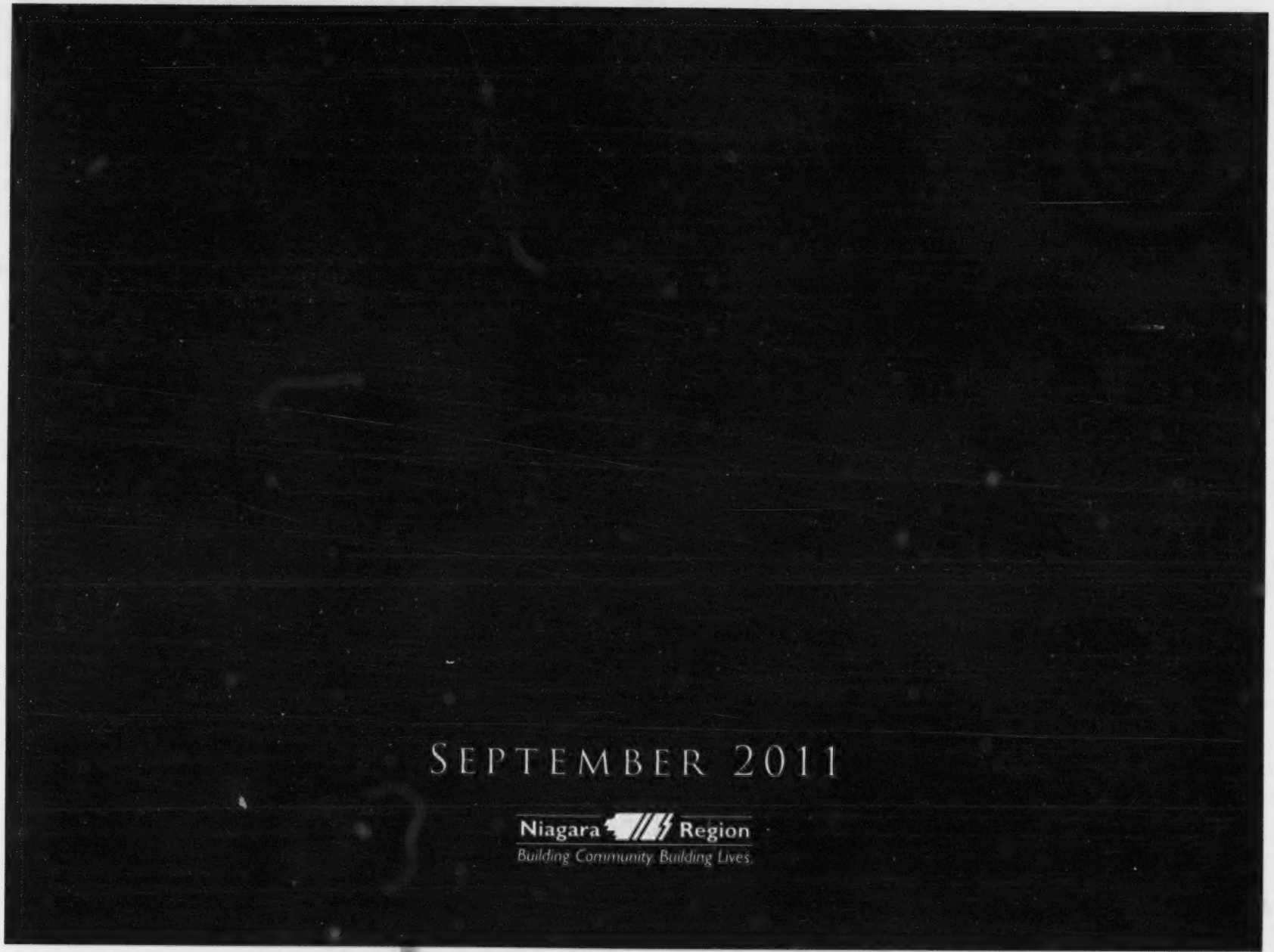
NIAGARA REGION

QUARTERLY FINANCIAL UPDATE

SEPTEMBER 2011

Niagara Region

Building Community, Building Lives.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Niagara Region
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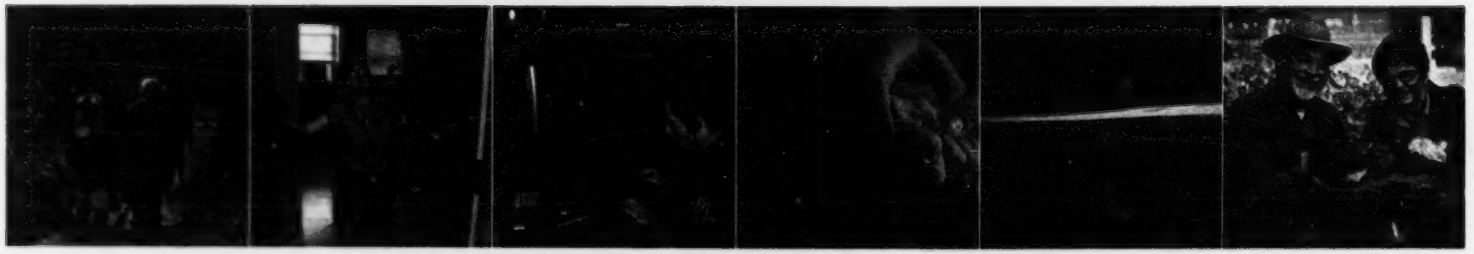
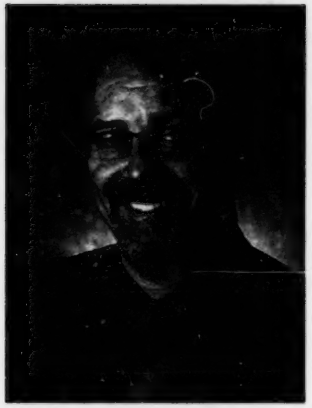




Brian Hutchings, B Comm, CGA
Commissioner, Corporate Services
Treasurer, Niagara Region

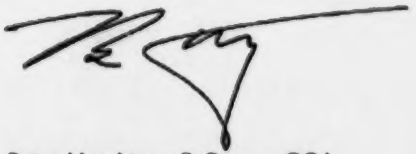
On behalf of the Financial Management and Planning (FMP) team, I am pleased to provide you with this third quarter financial update. The Financial Management and Planning team, with the support of all Regional departments has been working to put together an update of the Niagara Region's funding position as of September 30, 2011. This was achieved through substantial collaboration between divisions throughout the organization. Our hope is that the information provided will increase transparency and give Council timely and detailed information to assess the finances of the Niagara Region and plan for the future.

As of September 30, 2011 the Niagara Region is forecasting a 2011 estimated funding surplus of $9.8 million ($4.0 million related to levy programs and $5.8 million related to rate programs). This surplus represents 1.3 percent of the Niagara Region's 2011 gross operating budget. This surplus is being generated mainly from increased investment income, maximization of Ministry funding, and increased Niagara Recycling revenues due to favourable recyclables market prices, although we have begun to see some softening of these prices.

The Region is projecting reserve and reserve fund balances of $223.4 million at the end of 2011. The Region's levy supported reserves as a percentage of levy is among the lowest of comparable municipalities in Ontario. In order to ensure the Niagara Region has a continued sustainable financial plan it is important to support our reserves as they are used to stabilize operations year over year.

The Niagara Region continues to balance taxpayer affordability with sustainability. The Niagara Region surplus will be used to lower the 2012 tax levy and support future capital investment in the Niagara Region. Over the past five years the Niagara Region's property taxes have increased a total of 1.25 percent. In 2012 the Niagara Region is also launching a Responsive Region Improvement Team which will look to further enhance efficiency throughout the organization.

We hope you will find the information provided in this report of value and we welcome any suggestions for its improvement going forward.



Brian Hutchings, B Comm, CGA
Commissioner, Corporate Services
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Consolidated Funding Surplus Review

Description	Levy	Water & Wastewater	Waste Management	Total
Operating Funding Surplus				
Regional Departments	$ 1,412,576	$ 1,181,819	$ 4,598,636	$ 7,193,031
General Governement	1,891,246	$ -	$ -	1,891,246
Boards and Agencies	732,227	-	-	732,227
Operating Funding Surplus	$ 4,036,049	$ 1,181,819	$ 4,598,636	$ 9,816,504

Comments:

The Niagara Region is forecasting a funding surplus in 2011. The sources of this forecasted funding surplus are summarized above. Levy supported Regional departments are forecasting a funding surplus of $4.0 million of which $2.8 million has been included in the 2012 proposed budget. This forecast was derived using assumptions and estimates based on information available to management at the time of writing this quarterly financial update. Readers of these reports are cautioned that actual operating results may vary from the forecast information presented.

Potential uses of the remaining $1.2 million ($4.0 million levy less $2.8 million included in 2012 budget) forecasted levy surplus include:

- Funding the $1.35 million 2011 transfer from reserve required by the NRPS.
- Contributions to unfunded employee future benefit reserves (2011 Estimated unfunded employee future benefit liabilities = $84 million; Reserves = $34 million).
- Additional contributions to the self insurance reserve recognizing we have a $1 million deductible and current reserves of $2.5 million.
- Additional contributions to the Provincial Offenses Act (POA) facility renewal reserve if agreement can be made with local area municipalities.
- Funding the by-election cost expected to occur in 2012 (estimated at approximately $0.1 million).

Surpluses of $1.2 million for water and wastewater and $4.6 million for waste management are currently projected, due largely to increased water demands through the summer months and favourable recycling market conditions. Recently pricing for recyclable material has begun to soften which may put pressure on the current waste management forecasted operating funding surplus. These surplus balances have been incorporated into the long term financing plans for the water and wastewater and waste management programs.

Consolidated - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 320,944,215	$ 233,418,160	$ 237,428,124	$ (4,009,964)	$ 87,156,480	$ 324,584,604	$ (3,640,389)
Administrative Expenses	7,180,380	5,367,000	4,694,520	672,480	2,056,750	6,751,270	429,110
Materials, Supplies & Utilities	44,165,958	32,409,292	33,198,048	(788,756)	12,600,281	45,798,329	(1,632,371)
Repairs & Maintenance	16,846,554	11,985,157	12,481,277	(496,120)	5,876,269	18,357,546	(1,510,992)
Purch. Serv. & Other Operating Exp.	119,314,173	88,973,561	84,834,323	4,139,238	34,324,969	119,159,292	154,881
Social Assistance	96,419,970	72,352,260	69,258,713	3,093,547	23,174,287	92,433,000	3,986,970
Financial Expenditures	94,548,336	73,862,506	84,021,891	(10,159,385)	20,735,669	104,757,560	(10,209,224)
Capital Equipment & Renovations	2,277,865	1,683,572	1,288,536	395,036	1,219,789	2,508,325	(230,460)
Interfunctional Operating Charges	79,236,102	63,049,305	63,828,280	(778,975)	17,292,881	81,121,161	(1,885,059)
Interfunctional Operating Recoveries	(79,236,102)	(63,049,314)	(63,828,945)	779,631	(17,292,882)	(81,121,827)	1,885,725
NRH Housing Provider Subsidy & Supplemen	26,492,642	19,869,453	25,603,081	(5,733,628)	6,602,433	32,205,514	(5,712,872)
Transfers to Reserves & Reserve Funds	60,626,856	49,640,120	55,436,274	(5,796,154)	12,796,736	68,233,010	(7,606,154)
External Recoveries	(35,838,959)	(30,026,243)	(30,604,030)	577,787	(5,645,490)	(36,249,520)	410,561
Capital Recoveries	(1,681,304)	(1,260,945)	(1,433,991)	173,046	(464,411)	(1,898,402)	217,098
Total Gross Expenditure	**751,296,686**	**558,273,884**	**576,206,101**	**(17,932,218)**	**200,433,761**	**776,639,862**	**(25,343,176)**
Revenue							
Taxation - Levy	(300,530,189)	(213,624,819)	(214,079,171)	454,352	(86,531,390)	(300,610,561)	80,372
Taxation - Rate	(102,442,355)	(76,851,090)	(77,792,518)	941,428	(25,002,660)	(102,795,178)	352,823
Ontario/Canada Grants	(214,851,067)	(160,601,644)	(171,823,842)	11,222,198	(53,109,568)	(224,933,410)	10,082,343
Fees & Service Charges	(69,072,854)	(60,430,425)	(61,822,703)	1,392,278	(8,686,815)	(70,509,518)	1,436,664
Other Revenue	(53,486,329)	(40,093,077)	(50,795,467)	10,702,390	(14,768,149)	(65,563,616)	12,077,287
Transfers from Reserves & Reserve Funds	(10,913,892)	(8,669,442)	(20,761,916)	12,092,474	(1,282,166)	(22,044,082)	11,130,190
Total Revenue	**(751,296,686)**	**(560,270,497)**	**(597,075,618)**	**36,805,121**	**(189,380,748)**	**(786,456,366)**	**35,159,680**
Net Expenditure/(Revenue)	$ -	$ (1,996,613)	$ (20,869,517)	$ 18,872,903	$ 11,053,013	$ (9,816,504)	$ 9,816,504

Consolidated - Statement of Operations (cont'd)

Variance Analysis

The Region is forecasting a year end funding surplus. The majority of this surplus is being generated by:

- Increased net investment income of $2.4 million (includes the $1.0 million transfer to reserves for the interest allocation to reserves and $0.74 million transfer to investment income stabilization reserve).
- Increased Niagara Recycling revenues of $3.4 million due primarily to favourable recyclables market price.
- Increased POA revenue of $1.8 million due primarily to increased ticketing resulting from increased enforcement.
- Increased net water and wastewater surplus of $1.2 million due to higher than budgeted water and sewer surchages, energy efficiency incentive rebates and savings in contracted maintenance costs.

The $3.6 million in unfavourable personnel is mainly being driven by:

- Niagara Region Police Services (NRPS) personnel costs are over budget by $2.0 million primarily due to additional internal equity requirements.
- Corporate Services personnel costs are over budget by $0.5 million mainly due to divisional reorganizations.
- Greater than budgeted benefit costs of $0.5 million for employees on leave & retirees and higher then planned termination/early sick leave payouts.
- Greater than budgeted Workplace Safety and Insurance Board (WSIB) costs of $0.6 million due to a few large claims. This additional cost is allocated to departments through chargeback/recovery.

Unfavourable financial expenditures are being driven by unbudgeted but planned and approved special initiative contributions to Brock BioScience ($1.0 million), Niagara College ($0.55 million), and the initial payment to the Niagara Health Systems Cancer Centre ($5.6 million). In addition, the unbudgeted but approved payment to local municipalities for the wastewater reconciliation ($3.7 million) was included in financial expenditures. These payments were all fully funded from reserves.

Niagara Regional Housing (NRH) has received additional housing provider subsidies recorded as favourable Ontario/Canada grants resulting in increased outlays of $5.7 million to housing providers. The remaining favourable variance in Ontario/Canada grants is due to the one-time Ontario Municipalities Partnership Fund (OMPF) funding of $5.2 million which was transfered to reserves.

Increased other revenue is primarily driven by increased recycling revenues and additional investment income identified above.

Corporate Administration - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 1,966,609	$ 1,438,084	$ 1,356,135	$ 81,949	$ 535,000	$ 1,891,135	$ 75,474
Administrative Expenses	181,750	136,206	123,467	12,739	56,732	180,199	1,551
Materials, Supplies & Utilities	38,246	28,638	22,829	5,809	13,602	36,431	1,815
Repairs & Maintenance	200	144	0	144	200	200	0
Purch. Serv. & Other Operating Exp.	155,975	116,964	62,737	54,227	39,121	101,858	54,117
Capital Equipment & Renovations	2,140	1,584	563	1,021	2,000	2,563	(423)
Interfunctional Operating Charges	6,796	5,094	5,046	48	1,702	6,748	48
Total Gross Expenditure	**2,351,716**	**1,726,714**	**1,570,777**	**155,937**	**648,357**	**2,219,134**	**132,582**
Revenue							
Other Revenue	0	0	(97,264)	97,264	(9,113)	(106,377)	106,377
Total Revenue	**0**	**0**	**(97,264)**	**97,264**	**(9,113)**	**(106,377)**	**106,377**
Net Expenditure/(Revenue)	**$ 2,351,716**	**$ 1,726,714**	**$ 1,473,513**	**$ 253,201**	**$ 639,244**	**$ 2,112,757**	**$ 238,959**

Corporate Administration - Statement of Operations (cont'd)

Community Impacts & Achievements

The Corporate Administration (30 Members of Council, Office of the Regional Chair - three FTE and Chief Administrative Office - four FTE) budget is at 85 percent personnel cost driven. This team provides overall political leadership, governance, policy direction and corporate management to the Corporation.

Major Priorities / Initiatives include:

- Implementation of the new Council Business Plan emphasizing improved service and reduced costs; improving Niagara's economy, governance and community services
- Reviewing the Regions various programs and service delivery areas for improved effectiveness and greater efficiency including development of clear and meaningful performance measures
- Delivering effective government and stakeholder relations to leverage partnerships and secure provincial and federal government support for Niagara's needs and priorities
- Enhanced community engagement opportunities with the budget process

Major 2011 Deliverables include:

- Commencing an inter-municipal transit pilot program
- Commencing a new long term waste collection contract with greater customer service and recycling convenience
- Establishing a new Investment and Property Assessment Taxation Reform Committee to improve investment performance and consider new tax policy
- Implementation of a "Responsive Region Improvement Team" to lead a series of program reviews to enhance service to residents and find savings
- Led another successful "Niagara Week" government relations event in Queens Park to educate the provincial government on the needs of Niagara and secure their support for our priorities
- Implementation of the Economic Development Task Force transition plan for a new model for economic development in Niagara that leverages related collective efforts in Niagara, improves business retention and expansion services and provides one window service to potential new businesses to Niagara
- Delivered a tax decrease to Niagara Region taxpayers (2011)

Variance Analysis

Overall the Corporate Administration department is forecasting a surplus. This is mainly attributable to favourable personnel costs, reduced expenditures in other direct operating expenses and additional revenue. Councillor payroll related costs are tracking below guidance (approximately $48,000) and the department has received the benefit of a onetime payroll accrual correction related to 2010 (approximately $40,000). Other revenue includes a one-time GST/HST rebate of $72,551 related to 2007-2010 and an on-going HST rebate, $32,209 for 2011.

Corporate Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 15,941,208	$ 11,354,719	$ 11,925,994	$ (571,275)	$ 4,509,331	$ 16,435,325	$ (494,117)
Administrative Expenses	351,482	263,196	193,391	69,805	134,625	328,016	23,466
Materials, Supplies & Utilities	1,875,800	1,406,364	1,231,696	174,668	443,600	1,675,296	200,504
Repairs & Maintenance	2,023,461	1,517,457	1,628,002	(110,545)	478,205	2,106,207	(82,746)
Purch. Serv. & Other Operating Exp.	6,286,696	4,394,577	3,624,649	769,928	1,997,666	5,622,315	664,381
Financial Expenditures	3,000	2,250	335	1,915	2,706	3,041	(41)
Capital Equipment & Renovations	23,210	17,385	37,517	(20,132)	6,340	43,857	(20,647)
Interfunctional Operating Charges	5,757,630	5,397,339	5,335,007	62,332	360,291	5,695,298	62,332
Interfunctional Operating Recoveries	(11,704,550)	(8,814,035)	(9,142,667)	328,632	(3,752,770)	(12,895,437)	1,190,887
Transfers to Reserves & Reserve Funds	124,472	124,472	623,780	(499,308)	0	623,780	(499,308)
External Recoveries	(160,000)	(119,997)	(106,621)	(13,376)	0	(106,621)	(53,379)
Capital Recoveries	(162,287)	(121,698)	(68,458)	(53,240)	(21,025)	(89,483)	(72,804)
Total Gross Expenditure	**20,360,122**	**15,422,029**	**15,282,626**	**139,403**	**4,158,969**	**19,441,595**	**918,527**
Revenue							
Fees & Service Charges	(154,050)	(115,533)	(75,136)	(40,397)	(213,569)	(288,705)	134,655
Other Revenue	(863,153)	(647,304)	(1,291,472)	644,168	(72,459)	(1,363,931)	500,778
Transfers from Reserves & Reserve Funds	(33,250)	(24,930)	(289,187)	264,257	(8,320)	(297,507)	264,257
Total Revenue	**(1,050,453)**	**(787,767)**	**(1,655,795)**	**868,028**	**(294,348)**	**(1,950,143)**	**899,690**
Net Expenditure/(Revenue)	**$ 19,309,669**	**$ 14,634,262**	**$ 13,626,831**	**$ 1,007,431**	**$ 3,864,621**	**$ 17,491,452**	**$ 1,818,217**

Corporate Services - Statement of Operations (cont'd)

Community Impacts & Achievements

There have been a number of significant projects and initiatives undertaken in Corporate Services in the third quarter of 2011. These include a number of the following:

- Additional external revenue – through the renewal of contracts for the provision of Geographic Information System (GIS) data with both the St. Catharines Fire Department (dispatch) and Niagara Peninsula Conservation Authority
- Additional municipalities using the Computer Aided Manufacturing Software (CAMS) software for Provincial Offenses Administration courts with associated revenues attached
- 9,069 human resource-related requests for service in Q3, 29,302 overall in 2011 – an overall increase of approximately 2,000 requests over 2010 numbers
- Significant work on the long-term accommodation study for Public Health, Community Services and Niagara Emergency Medical Services (NEMS), with completion planned for early Q4
- NRPS facilities - Continued progression of the combined NRPS/NEMS facility in Fort Erie; Request for proposal (RFP) released for architect selection for the headquarters project; tender modifications for training facility
- Consultant's report on POA facilities presented to committee and council, options identified
- Legal support for Deer Park Villa and Cannery subdivision files
- Capital, operating and rate budgets compiled and presented to Regional Council
- Supported over $30 million in purchased bid documents in Q3
- Self-financed Regional commitments to the Niagara Health System - saving $5.8 million over 30 years
- 3,799 IT service requests in the third quarter, 12,988 in the first nine months of 2011 – an overall decrease of approximately 1,800 requests over 2010 numbers
- Beginning the process of investigating financial management software options for the corporation
- Attendance management and leaves process review completed
- Labour relations – currently negotiating with three bargaining units
- Continued reduction in WSIB incidences – 15 percent drop from 2010 numbers

Variance Analysis

Corporate Services has a year-to-date surplus of $1,007,430 and is currently forecasting a year-end surplus of $1,818,216. To date, favourable variances have occurred in purchased services due to a one-time accounting adjustment for software expenses paid in advance, but will be expensed in 2012 as this is when the service will be received. A favourable variance has additionally occurred in materials, supplies and utilities due to utilities costs increasing at a lower rate than originally forecast for 2011. Unfavourable variances have occurred in personnel costs resulting from a number of corporate reorganizations and temporary staffing costs to replace various leaves.

Unfavourable transfers to reserves are directly offset by increases in other revenue. A favourable transfer from reserves is a result of a 2010 encumbrance for the recently-completed long-term facilities accommodation study for Public Health, Community Services and EMS. Many of these funds will become part of the 2011 general surplus. The additional year-end favourable variance in interfunctional operating recoveries is the result of absorbing $862,255 in one-time surplus funds from Public Health to maximize subsidy, and cover the costs of support services provided annually as part of our Service Level Agreement.

Public Works - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 19,382,954	$ 13,632,578	$ 13,930,633	$ (298,055)	$ 5,764,310	$ 19,694,943	$ (311,989)
Administrative Expenses	1,089,086	817,952	731,052	86,900	298,509	1,029,561	59,525
Materials, Supplies & Utilities	6,003,655	4,502,995	4,559,550	(56,555)	1,878,267	6,437,817	(434,162)
Repairs & Maintenance	264,375	198,234	187,227	11,007	49,368	236,595	27,780
Purch. Serv. & Other Operating Exp.	5,856,064	3,343,987	3,471,114	(127,127)	2,540,320	6,011,434	(155,370)
Financial Expenditures	500,000	0	0	0	0	0	500,000
Capital Equipment & Renovations	79,909	59,886	36,528	23,358	23,276	59,804	20,105
Interfunctional Operating Charges	22,276,349	17,933,184	18,188,191	(255,007)	4,343,165	22,531,356	(255,007)
Interfunctional Operating Recoveries	(10,346,182)	(7,759,440)	(7,967,141)	207,701	(2,586,742)	(10,553,883)	207,701
Transfers to Reserves & Reserve Funds	2,149,511	1,619,625	1,619,625	0	529,886	2,149,511	0
Capital Recoveries	(746,940)	(560,196)	(676,654)	116,458	(286,253)	(962,907)	215,967
Total Gross Expenditure	**46,508,781**	**33,788,805**	**34,080,126**	**(291,321)**	**12,554,106**	**46,634,232**	**(125,451)**
Revenue							
Ontario/Canada Grants	(464,531)	(232,263)	(96,669)	(135,594)	(12,680)	(109,349)	(355,182)
Fees & Service Charges	(2,389,350)	(1,791,900)	(2,329,448)	537,548	(524,116)	(2,853,564)	464,214
Other Revenue	(365,400)	(274,032)	(343,175)	69,143	(123,295)	(466,470)	101,070
Transfers from Reserves & Reserve Funds	(1,950,000)	(412,488)	(422,174)	9,686	(693,303)	(1,115,477)	(834,523)
Total Revenue	**(5,169,281)**	**(2,710,683)**	**(3,191,467)**	**480,784**	**(1,353,394)**	**(4,544,861)**	**(624,420)**
Net Expenditure/(Revenue)	**$ 41,339,500**	**$ 31,078,122**	**$ 30,888,659**	**$ 189,463**	**$ 11,200,712**	**$ 42,089,371**	**$ (749,871)**

Public Works - Statement of Operations (cont'd)

Community Impacts & Achievements

The Public Works (PW) Department report includes Transportation Services, Development Services, and Public Works Administration. The responsibility of these areas includes the planning, design, operation and maintenance of the regional road network, oversight of the Niagara Specialized Transit and Inter-municipal Transit Pilot, coordinating and developing the Regional position on planning servicing applications, and support to all the PW business areas.

Achievements during the first three quarters of 2011 include:

- Continued development of the Integrated Development Applications Retrieval Tracking System (iDARTS) software in support of the growth activity within the Region
- Assumption of all storm sewers of 675 mm diameter or less on Regional roads
- Movement towards smaller and more fuel efficient vehicles in the fleet
- An update to the Regional Tourism Sign Policy
- Continued participation with the Niagara Region Road Safety Committee
- Official opening of the new terminal building for the Niagara District Airport that was constructed through the Infrastructure Stimulus Funding (ISF) program
- Initiation of the Inter-Municipal Transit pilot project

In the fourth quarter, transportation staff in conjunction with Information Technology will also work with the successful proponent in order to implement the new Computerized Maintenance Management System (CMMS) system for the roads and fleet program areas, which is expected to generate efficiencies and cost savings in those program areas. The environmental assessment (EA) for the Burgoyne Bridge is expected to be finalized, work will continue on the EA for the Highway 406 interchange, and the Development services division will continue to identify and implement process improvements with the local municipalities in accordance with the Memorandum of Understanding (MOU) for the Niagara Planning system.

Variance Analysis

An unfavourable year-end variance of $749 thousand is currently anticipated to the levy-supported Public Works department.

Transfers from reserve and reserve funds totaling $1.95 million were budgeted for in 2011, of which only $1.11 million is projected to be transferred resulting in a year-end favourable variance of $834 thousand. The budgeted reserve transfers were largely related to the Inter-Municipal Transit pilot ($1.4 million) and the Regional contributions for bike paths, drainage assessments and storm sewers ($0.5 million). Staff are currently anticipating net savings in the 2011 Inter-Municipal Transit program of $344 thousand, and $500 thousand in savings for the bike paths, drainage assessment, and storm sewer programs for the reason indicated below. As such, a reduction in the reserve funding that is directly related to these costs has been projected for the purposes of this Q3 report.

Unfavourable variances in personnel costs, materials and supplies and purchased services are the significant cost drivers of the projected year-end position. Captured within these amounts are the higher costs incurred as a result of the heavy winter experienced as well as the April wind storm event, including additional staff time, salt and sand, equipment rental, and the contracted services from the local municipalities required. Fuel costs, which are $172 thousand higher than budgeted for the year to date, have also created a pressure within material and supplies and contribute to the largely offsetting variances in both interfunctional charges and recoveries.

As a result of these cost pressures, mitigation efforts have been taken to create savings in the cost of items such as administrative expenses, consulting services and contracted services (example: asphalt patching), as well as for materials such as asphalt and culverts. The Development Services division is also expected to end the year in a favourable position. Finally, a $500 thousand savings is expected in financial expenditures, as there have been no requests received from the local municipalities in 2011 through the Region's bike path, drainage assessment and storm sewer programs.

With respect to revenue, an unfavourable variance is expected in Provincial Gas Tax funding for the year, while favourable amounts are reflected in Fees and Service Charges largely due to the estimated traffic signal maintenance revenue and in Other Revenue as a result of proceeds from licenses, permits, and credits received from Regional vendors.

Staff will continue to work to identify any potential cost mitigation opportunities during the remainder of the year in order to further reduce the anticipated unfavourable net position projected for this program area.

Water and Wastewater Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 15,703,019	$ 11,905,647	$ 11,965,950	$ (60,303)	$ 3,820,499	$ 15,786,449	$ (83,430)
Administrative Expenses	601,807	451,035	296,147	154,888	154,952	451,099	150,708
Materials, Supplies & Utilities	13,354,716	10,014,732	9,976,848	37,884	3,609,865	13,586,713	(231,997)
Repairs & Maintenance	6,594,069	4,945,230	4,879,813	65,417	2,172,809	7,052,622	(458,553)
Purch. Serv. & Other Operating Exp.	13,260,672	9,752,520	8,451,047	1,301,473	4,231,788	12,682,835	577,837
Financial Expenditures	0	0	3,754,751	(3,754,751)	0	3,754,751	(3,754,751)
Capital Equipment & Renovations	117,307	87,894	136,486	(48,592)	61,102	197,588	(80,281)
Interfunctional Operating Charges	15,496,512	11,897,804	11,738,373	159,431	3,598,682	15,337,055	159,457
Interfunctional Operating Recoveries	0	0	(2,474)	2,474	0	(2,474)	2,474
Transfers to Reserves & Reserve Funds	39,237,924	29,428,434	29,431,434	(3,000)	9,809,490	39,240,924	(3,000)
Capital Recoveries	(550,892)	(413,163)	(500,697)	87,534	(112,471)	(613,168)	62,276
Total Gross Expenditure	**103,815,134**	**78,070,133**	**80,127,677**	**(2,057,544)**	**27,346,716**	**107,474,393**	**(3,659,259)**
Revenue							
Taxation - Rate	(102,442,355)	(76,851,090)	(77,792,518)	941,428	(25,002,660)	(102,795,178)	352,823
Ontario/Canada Grants	0	0	(8,191)	8,191	0	(8,191)	8,191
Fees & Service Charges	(1,086,800)	(815,085)	(959,040)	143,955	(255,533)	(1,214,573)	127,773
Other Revenue	(285,979)	(214,461)	(447,464)	233,003	68,945	(378,519)	92,540
Transfers from Reserves & Reserve Funds	0	0	(4,259,751)	4,259,751	0	(4,259,751)	4,259,751
Total Revenue	**(103,815,134)**	**(77,880,636)**	**(83,466,964)**	**5,586,328**	**(25,189,248)**	**(108,656,212)**	**4,841,078**
Net Expenditure/(Revenue)	**$ -**	**$ 189,497**	**$ (3,339,287)**	**$ 3,528,784**	**$ 2,157,468**	**$ (1,181,819)**	**$ 1,181,819**

Water and Wastewater Services - Statement of Operations (cont'd)

Community Impacts & Achievements

In addition to the operation of the Region's six water plants and eleven wastewater plants, the Water and Wastewater (W&WW) Division is also responsible for master servicing plans, water and wastewater approvals, wastewater laboratory services, environmental monitoring, industrial wastewater management and training. During the first three quarters of 2011, some specific initiatives that have either been delivered or for which work has continued include:

- The update to the W&WW Master Plan
- Source Water Protection planning in accordance with the Clean Water Act
- An update to the Region's internal benchmarking initiative
- Children's Water Festival
- Implementation of enhanced document control and system monitoring via Excellence Through Quality (ETQ), Water Trax and Dig Smart
- Accreditation by Canadian General Standards Board as per the Municipal Drinking Water Licensing Program

During the remaining quarter the master plan for Water and Wastewater Services has been completed, substantial completion and all the required reporting has been achieved for the four Infrastructure Stimulus Funding (ISF) projects, and continuous improvement will be embedded in operations and maintenance as required under the Safe Drinking Water Act.

Variance Analysis

The projected year end surplus for the water and wastewater services department is $1.18 million, representing 1.1 percent of the gross departmental expenditure.

The projected surplus can be largely attributed to a combination of additional revenues along with savings expected in the purchased services budget. The anticipated revenue from the rate and requisitions reflects a net surplus of $352 thousand based on higher than budgeted water sales, while additional revenue is also expected from sources such as sewage surcharges and energy efficiency incentive rebates. The favorable position for purchased services has resulted from savings in contracted maintenance costs, as well as a delay in initiating several consulting assignments as a result of vacancies in key staff positions and on-going consultation processes (example: Water & Wastewater Review Task Force).

Cost pressures are expected in the materials and supplies budgets as a result of the rising utility costs (especially electricity), as well as in repairs and maintenance due to failures of pumps, screens, transformers and clarifiers. These variance estimates include a contingency for further unforeseen emergencies such as watermain breaks, sewer forcemain breaks and equipment failures. There remains some risk that funds may be required for such emergencies. Sludge disposal costs will also exceed the budgeted amount with a year-end unfavorable variance of approximately $850k anticipated.

Finally it should be noted the unbudgeted $3.7 million expenditure presented in the 'Financial Expenditure' line reflects the payment to the local municipalities for the wastewater reconciliation payment approved by Council in June. This cost is fully offset by a transfer from reserve which, when added to the 2010 year end water and wastewater encumbrances identified in CSD 57-2011, totals the $4.2 million favourable variance shown above for Transfers from Reserves & Reserve Funds.

Waste Management - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 3,575,857	$ 2,652,096	$ 2,310,318	$ 341,778	$ 883,739	$ 3,194,057	$ 381,800
Administrative Expenses	128,494	96,255	65,024	31,231	43,470	108,494	20,000
Materials, Supplies & Utilities	2,838,795	2,128,887	3,266,767	(1,137,880)	742,028	4,008,795	(1,170,000)
Repairs & Maintenance	688,684	516,402	512,311	4,091	182,689	695,000	(6,316)
Purch. Serv. & Other Operating Exp.	36,505,280	27,387,428	25,219,044	2,168,384	9,911,030	35,130,074	1,375,206
Capital Equipment & Renovations	70,392	52,758	41,742	11,016	10,000	51,742	18,650
Interfunctional Operating Charges	5,788,547	4,826,006	4,822,413	3,593	962,541	5,784,954	3,593
Interfunctional Operating Recoveries	(11,360)	(8,514)	(29,449)	20,935	(2,846)	(32,295)	20,935
Transfers to Reserves & Reserve Funds	386,823	290,115	290,115	0	96,708	386,823	0
Capital Recoveries	(221,185)	(165,888)	(155,573)	(10,315)	(53,612)	(209,185)	(12,000)
Total Gross Expenditure	**49,750,327**	**37,775,545**	**36,342,712**	**1,432,833**	**12,775,747**	**49,118,459**	**631,868**
Revenue							
Ontario/Canada Grants	(3,407,680)	(2,555,748)	(3,020,446)	464,698	(903,140)	(3,923,586)	515,906
Fees & Service Charges	(36,771,347)	(36,062,404)	(36,002,559)	(59,845)	(531,257)	(36,533,816)	(237,531)
Other Revenue	(9,418,688)	(7,063,938)	(10,066,411)	3,002,473	(2,752,277)	(12,818,688)	3,400,000
Transfers from Reserves & Reserve Funds	(152,612)	(114,453)	(402,845)	288,392	(38,159)	(441,004)	288,392
Total Revenue	**(49,750,327)**	**(45,796,543)**	**(49,492,262)**	**3,695,719**	**(4,224,833)**	**(53,717,095)**	**3,966,768**
Net Expenditure/(Revenue)	$ -	$ (8,020,998)	$ (13,149,550)	$ 5,128,552	$ 8,550,914	$ (4,598,636)	$ 4,598,636

Waste Management - Statement of Operations (cont'd)

Community Impacts & Achievements

Waste Management Services is responsible for the operation of various facilities (landfill sites, hazardous waste depot and recycling centre), the delivery of curbside waste, recycling and organics collection services and various diversion and disposal programs, the management of long term organics processing and disposal contracts, policy and planning development, as well as the waste management capital program. In addition to the operation of permanent drop-off depots, special event days are provided for diverting recyclables, electronics, household hazardous waste, scrap metal and other materials. During the first three quarters of 2011, new service levels launched include:

- Collection of both Blue and Grey Box material every week
- Multi-residential recycling
- Designated business area organics program
- Green Bin organics program in Wainfleet and West Lincoln and to six-unit residential buildings across the region
- New service eligibility criteria for curbside garbage collection service and a garbage limit exemption week for households

Other achievements include:

- Promotion and education campaign with the "Rethink your Waste" brand
- Implementation of Phase 1 of the public space recycling program "Niagara Recycles...on the go"
- Completion of a Waste Management Financing Study and recommendation to Committee and Council for the preferred sustainable financing method for 2012 and future years
- Utilization of a second shift at the Recycling Centre in order to optimize staff time and achieve further process efficiencies, thereby increasing net revenues

During the fourth quarter, work is expected to continue on the following initiatives:

- Issuance of an RFP for the Environmental Assessment for a vertical expansion of Humberstone Landfill Site
- Preparation of a Blue Box Recycling Plan which is needed to address Municipal Blue Box Best Practices and to help maximize industry stewardship funding
- Preparation of an RFP for the review of alternative waste management technologies and recommendations for next steps

Variance Analysis

A favourable variance in the waste management program of $4.59 million is currently projected for year end, through a combination of both cost savings ($0.63 million), as well as higher than projected revenues ($3.96 million).

The net cost savings realized to date of $0.63 million are largely due to the purchased services and personnel costs. The purchased services savings include the deferral of the implementation of computerized maintenance management systems at the Recycling Centre and landfills, portions of contract services for excavating, grading and stockpiling of soil and the grinding of wood, the replacement of the Long Term Strategic Plan with smaller assignments, and a delay in maintenance and leachate work at several landfill sites. The cost of some purchased services has also been lowered such as the transfer and haulage of material from the Bridge St. drop-off depot due to lower tender prices and the cost of the Walker waste and organics contracts due to lower tonnages. Savings in personnel costs have been realized, in part due to a delay or cancellation in the hiring of contract staff to support the implementation of the new collection contract. These savings are partially offset by an unfavourable variance of $1.17 million anticipated in materials and supplies, which is related to the increase in the purchase of materials from the commercial sector, Haldimand County, and Waterloo for processing and resale a higher price (increasing net revenue) .

The majority of the favourable variance projected in revenue of $3.9 million is the result of the higher recycling processing revenue. The higher processing revenue is primarily due to the increase in the average rate per tonne based on strong recycling market pricing in January to October 2011, and secondly due to an increase in tonnages (related to service changes and full year of the Haldimand contract). The forecast does, however, reflect a reduced newsprint and cardboard market price for November and December 2011, which is expected to continue into the spring of 2012 at a minimum. Other contributors include additional revenue received through Waste Diversion Ontario, increased garbage tag sales, and a favourable variance in transfers from reserve due to encumbrances carried over from 2010.

Integrated Community Planning Department - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 4,489,798	$ 3,193,929	$ 3,390,325	$ (196,396)	$ 1,431,889	$ 4,822,214	$ (332,416)
Administrative Expenses	169,714	127,026	257,201	(130,175)	46,196	303,397	(133,683)
Materials, Supplies & Utilities	286,968	215,109	183,333	31,776	74,754	258,087	28,881
Repairs & Maintenance	52,950	39,690	44,269	(4,579)	19,700	63,969	(11,019)
Purch. Serv. & Other Operating Exp.	2,117,994	1,286,874	708,053	578,821	1,369,090	2,077,143	40,851
Financial Expenditures	750,000	562,500	231,932	330,568	361,418	593,350	156,650
Capital Equipment & Renovations	13,700	10,242	14,732	(4,490)	9,850	24,582	(10,882)
Interfunctional Operating Charges	347,214	239,248	437,055	(197,807)	107,966	545,021	(197,807)
Interfunctional Operating Recoveries	(842,731)	(631,935)	(831,428)	199,493	(210,796)	(1,042,224)	199,493
Capital Recoveries	0	0	(2,396)	2,396	0	(2,396)	2,396
Total Gross Expenditure	**7,385,607**	**5,042,683**	**4,433,077**	**609,606**	**3,210,067**	**7,643,144**	**(257,537)**
Revenue							
Ontario/Canada Grants	(55,000)	(41,238)	(22,550)	(18,688)	(50,982)	(73,532)	18,532
Fees & Service Charges	(98,456)	(88,818)	(9,788)	(79,030)	(52,950)	(62,738)	(35,718)
Other Revenue	(26,000)	(19,494)	(149,179)	129,685	(29,651)	(178,830)	152,830
Transfers from Reserves & Reserve Funds	(710,582)	(633,417)	(880,558)	247,141	(102,164)	(982,722)	272,140
Total Revenue	**(890,038)**	**(782,967)**	**(1,062,075)**	**279,108**	**(235,747)**	**(1,297,822)**	**407,784**
Net Expenditure/(Revenue)	**$ 6,495,569**	**$ 4,259,716**	**$ 3,371,001**	**$ 888,715**	**$ 2,974,320**	**$ 6,345,321**	**$ 150,248**

Community Impacts & Achievements

Year-to-date achievements include: Great Lakes St. Lawrence Cities Initiatives Conference host, working with Local Municipal partners to review and seek approval of Local Official Plans, participation in the Economic Development Transition, provision of legislative support to Council and various advisory committees, provision of accessibility services in compliance with Accessibility for Ontarian's Disability Act (AODA) legislation, supporting brand awareness through production of various corporate publications, supporting community engagement activities, responding to crisis through emergency preparedness and crisis communications services, leading significant community planning initiatives such as Culture Plan Implementation (success in Culture Capitals application), Gateway Economic Zone and Centre, Welland Canals, Sustainable Niagara, Human Services Planning, Development Charges Policy, Water Smart initiatives.

Variance Analysis

The third quarter variance largely relates to the timing of reserve transfers for initiatives such as the Culture Capital of Canada for which expenditures were awaiting the recent announcement of our success in this competition . Personnel costs variance related to temporary project resources funded through reserves and reserve funds such as Welland Canal Designation, Culture Plan implementation and local Official Plan reviews. Administrative expense variance is related to expenses related to Great Lakes Conference - offsetting revenue is noted in the revenue line. Materials, Supplies and Utilities positive variance related to lower postage and printing costs than anticipated. Purchased services positive variance relates to ongoing projects such as Development Charge By-law updates, Gateway Community Improvement Plan, Water Smart initiatives and Policy Plan amendments where completion will take place in the 4th quarter. In addition budgeted expenditures for Culture Capitals of Canada application have been delayed as the announcement of our success was later than anticipated. Financial Expenditures positive variance related to timing of completion of development projects eligible for Smarter Niagara incentives. Capital Equipment negative variance relates to timing of unplanned computer equipment replacement. Interfunctional Charges and Recoveries variance relates to unanticipated repairs and maintenance to courier vehicles, and to internal entries to assign resource costs to specific projects. Revenue variance relates to timing and volume of applications for which fees become due and transfer from reserve for pending Culture Capitals of Canada application. In total Integrated Community Planning is currently projecting a small surplus of approximately $150,000 by year-end.

Community Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 78,920,998	$ 57,030,710	$ 57,108,622	$ (77,912)	$ 21,937,640	$ 79,046,262	$ (125,264)
Administrative Expenses	1,175,262	847,961	796,272	51,689	304,318	1,100,590	74,672
Materials, Supplies & Utilities	7,008,070	4,954,759	5,592,250	(637,491)	2,166,247	7,758,497	(750,427)
Repairs & Maintenance	755,257	476,861	675,908	(199,047)	346,187	1,022,095	(266,838)
Purch. Serv. & Other Operating Exp.	31,832,463	24,923,293	26,010,575	(1,087,282)	7,816,933	33,827,508	(1,995,045)
Social Assistance	96,419,970	72,352,260	69,258,713	3,093,547	23,174,287	92,433,000	3,986,970
Financial Expenditures	17,905	11,915	16,357	(4,442)	5,500	21,857	(3,952)
Capital Equipment & Renovations	482,083	294,332	284,614	9,718	396,933	681,547	(199,464)
Interfunctional Operating Charges	11,698,219	9,524,955	9,506,405	18,550	2,360,018	11,866,423	(168,204)
Interfunctional Operating Recoveries	(7,315,438)	(5,494,527)	(5,173,687)	(320,840)	(1,868,852)	(7,042,539)	(272,899)
Transfers to Reserves & Reserve Funds	410,260	307,683	331,629	(23,946)	102,577	434,206	(23,946)
External Recoveries	(2,108,851)	(1,581,624)	(2,107,809)	526,185	(400,000)	(2,507,809)	398,958
Total Gross Expenditure	**219,296,198**	**163,648,578**	**162,299,849**	**1,348,729**	**56,341,788**	**218,641,637**	**654,561**
Revenue							
Ontario/Canada Grants	(157,863,400)	(117,942,601)	(117,517,052)	(425,549)	(39,964,112)	(157,481,164)	(382,236)
Fees & Service Charges	(22,002,325)	(16,628,807)	(17,047,241)	418,434	(5,537,268)	(22,584,507)	582,182
Other Revenue	(390,829)	(339,198)	(763,305)	424,107	(125,977)	(889,282)	498,453
Transfers from Reserves & Reserve Funds	(1,493,074)	(1,119,789)	(1,119,789)	0	1,119,789	0	(1,493,074)
Total Revenue	**(181,749,628)**	**(136,030,395)**	**(136,447,387)**	**416,992**	**(44,507,566)**	**(180,954,953)**	**(794,675)**
Net Expenditure/(Revenue)	**$ 37,546,570**	**$ 27,618,183**	**$ 25,852,462**	**$ 1,765,721**	**$ 11,834,222**	**$ 37,686,684**	**$ (140,114)**

Community Impacts & Achievements

Social Assistance and Employment Opportunities (SAEO) division delivered quality services despite the challenges associated with a poor economy and rising Ontario Works (OW) caseloads. Despite a weak economy, SAEO continues to meet provincial targets relating to employment outcomes for participants while dealing with the uncertainties of an unstable economy. Targeted training and employment programs in labour market growth sectors are included in the supports available to OW participants, however it is anticipated that employment growth for the remainder of 2011 to 2013 period will remain slow resulting in limited opportunities for Niagara residents.

Children's Services continues to work to ensure a stable childcare system in Niagara. Funding has been applied selectively to manage within the budget and address contract per diems that are below or at risk of slipping below market and support caseload growth for fee subsidy.

Senior Services continues to operate 957 long term care beds and manage the various offerings within seniors community programs, largely funded from the Province.

Variance Analysis

Community Services is currently showing a deficit of $140,114. This deficit is the net result of a small positive variance of $114,700 in SAEO relating to the mix of costs under allowances and benefits for Ontario Works participants, and this mix has been revisited in the 2012 budget. As a result of the surplus position in SAEO, the budgeted draw from reserves has not been taken to support caseload costs, as it was not required and therefore is available for future year needs. SAEO is monitoring the recent global economic indicators to determine if there will be any significant Q4 impacts for Ontario Works expenditures. Senior Services has received some additional funding from the Province midyear that was not budgeted, which has assisted in cost overruns in the area of payroll related costs, food purchases, WSIB experiences and repairs and maintenance within the homes, however Senior's is still anticipating a year end deficit of an estimated $250,000. Children's Services is not anticipating a significant variance for year end as programs will be altered to fit within the budgeted envelope.

Public Health - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 28,590,698	$ 20,385,932	$ 19,937,196	$ 448,736	$ 7,719,182	$ 27,656,378	$ 934,320
Administrative Expenses	1,061,871	805,008	766,426	38,582	301,771	1,068,197	(6,326)
Materials, Supplies & Utilities	1,105,664	814,254	481,418	332,836	227,293	708,711	396,953
Repairs & Maintenance	82,000	61,461	71,420	(9,959)	22,570	93,990	(11,990)
Purch. Serv. & Other Operating Exp.	2,639,190	1,992,105	1,737,350	254,755	641,042	2,378,392	260,798
Financial Expenditures	355,000	364,802	355,000	9,802	0	355,000	0
Capital Equipment & Renovations	317,400	286,716	343,817	(57,101)	132,779	476,596	(159,196)
Interfunctional Operating Charges	2,423,189	1,853,210	2,152,826	(299,616)	1,432,251	3,585,077	(1,161,888)
Interfunctional Operating Recoveries	(189,962)	(142,470)	(174,171)	31,701	(47,492)	(221,663)	31,701
Total Gross Expenditure	**36,385,050**	**26,421,018**	**25,671,283**	**749,735**	**10,429,396**	**36,100,679**	**284,371**
Revenue							
Ontario/Canada Grants	(28,748,860)	(21,766,152)	(21,643,297)	(122,855)	(6,374,923)	(28,018,220)	(730,640)
Fees & Service Charges	(158,125)	(118,575)	(133,453)	14,878	(10,735)	(144,188)	(13,937)
Other Revenue	(644,897)	(483,651)	(1,176,702)	693,051	(23,540)	(1,200,242)	555,345
Total Revenue	**(29,551,882)**	**(22,368,378)**	**(22,953,451)**	**585,073**	**(6,409,198)**	**(29,362,649)**	**(189,233)**
Net Expenditure/(Revenue)	**$ 6,833,168**	**$ 4,052,640**	**$ 2,717,833**	**$ 1,334,807**	**$ 4,020,198**	**$ 6,738,031**	**$ 95,137**

Community Impacts & Achievements

The Vacancy Management Process that was recently implemented has contributed to both vacant staff positions and/or delays in refilling positions. This has contributed to accumulated surplus in personnel costs of $448,735 to end of September, attributed to reduced salary costs and corresponding payroll related costs. Despite Public Health efforts to mitigate service disruptions, some program areas have begun to experience program cancellations, delays or extended waitlists for service. The specific impacts will be reported through to the Board of Health in an upcoming Vacancy Management Process report.

Variance Analysis

The 2011 ministry approved public health budget was received in July 2011 and included unanticipated funding increases in several programs. As a result, there are surpluses in several of the expenditure lines. Also contributing to the surplus are collective bargaining increases included in the budget that have not been expensed yet since collective bargaining has not concluded.

The overspending in the Interfunctional Operating Charges is a result of the Public Health department providing increased compensation for services received from the Human Resources and Information Technology divisions in Corporate Services. This variance is expected to continue to year end and will be funded through savings in other expenditure lines.

The increased Other Revenue compared to budget is the result of carry forward revenues from the prior year in self funded programs which include Sexual Health Oral Contraceptives, Travel Health, Reproductive Health - Labour & Delivery and the Breast Health Initiative program.

Public Health anticipates that the unanticipated increased funding and the unpaid allocation for collective bargaining increases will continue to contribute to a surplus at year end. We also anticipate further program and service delivery interruptions resulting from the Vacancy Management Process. The accumulated surplus will be used to fund eligible business support service costs prior to year end, which will generate unanticipated revenues (surplus) for Corporate Services. Also reflected in the overall projected surplus are funding for the Vector Borne Disease program $100,731 and the Children in Need of Treatment Expansion program $26,602 which will be sent back to the ministry at year end.

Niagara Region Emerency Medical Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 28,422,434	$ 20,244,250	$ 20,242,614	$ 1,636	$ 8,437,874	$ 28,680,488	$ (258,054)
Administrative Expenses	205,750	154,197	111,492	42,705	94,623	206,115	(365)
Materials, Supplies & Utilities	1,994,938	1,502,364	1,364,988	137,376	265,946	1,630,934	364,004
Repairs & Maintenance	729,500	543,846	629,575	(85,729)	621,000	1,250,575	(521,075)
Purch. Serv. & Other Operating Exp.	1,637,839	1,202,967	555,033	647,934	655,197	1,210,230	427,609
Capital Equipment & Renovations	432,221	324,144	223,984	100,160	179,209	403,193	29,028
Interfunctional Operating Charges	2,374,991	881,394	1,172,753	(291,359)	1,542,464	2,715,217	(340,226)
Transfers to Reserves & Reserve Funds	1,283,212	1,151,153	1,151,153	0	132,059	1,283,212	0
Total Gross Expenditure	**37,080,885**	**26,004,315**	**25,451,592**	**552,723**	**11,928,372**	**37,379,964**	**(299,079)**
Revenue							
Ontario/Canada Grants	(20,416,035)	(15,291,975)	(15,557,671)	265,696	(4,858,364)	(20,416,035)	0
Fees & Service Charges	0	0	(2,182)	2,182	0	(2,182)	2,182
Other Revenue	(20,000)	(14,994)	(196,896)	181,902	(120,000)	(316,896)	296,896
Transfers from Reserves & Reserve Funds	(234,800)	(234,800)	(234,800)	0	0	(234,800)	0
Total Revenue	**(20,670,835)**	**(15,541,769)**	**(15,991,550)**	**449,781**	**(4,978,364)**	**(20,969,914)**	**299,079**
Net Expenditure/(Revenue)	**$ 16,410,050**	**$ 10,462,546**	**$ 9,460,042**	**$ 1,002,504**	**$ 6,950,008**	**$ 16,410,050**	**$ 0**

Community Impacts & Achievements

The Niagara Region Emergency Medical Services (NEMS) continues to face challenges in maintaining service levels, particularly due to current levels of off-load delays (2010 highest level of off-loads in last five years). NEMS continues to monitor and respond to community and service demands to ensure appropriate servcie levels are maintained. NEMS continues to meet all current standards (2010 Ambulance Service Review). NEMS management participating in the offload oversight committee with the Niagara Health System (NHS). Continued uncertainty related to ongoing MOHLTC off-load nurse funding. The service increased the number of Advanced Care Paramedics in 2011, through the Niagara College training program.

Variance Analysis

The unfavourable variance in Interfunctional Operating Charges is due to increase costs due to WSIB payouts that occurred early in 2011. NEMS continues to investigate new equipment technologies in an effort to mitigate workers injuries and gain better control over these costs. Favourable variance related to Materials, Supplies and Utilities is due to better controls over inventory and controlled drugs. Repairs & Maintenance Vehicles is over budget partially due to maintenance expenses with an aging fleet, however NEMS will be purchasing nine new vehicles in 2011. These vehicles will require less maintenance and are more fuel efficient. Purchase Services favourable variance is related to the Ambulance Dispatch Program (Fiscal Program) as these costs usually occur later in the year. It is important to note that any year end surplus within the Ambulance dispatch program is returned to the Ministry of Health and Long-Term Care (MOHLTC). The $258,000 unfavourable variance in Personnel Costs is due to the CUPE 1019 lieu payout which takes place in December each year as per the collective agreement. Other revenue surplus is related to special events, and union billings, these revenues are directly offset by personnel expenses.

Police Services & Board - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 116,724,875	$ 86,359,688	$ 88,990,841	$ (2,631,153)	$ 29,754,034	$ 118,744,875	$ (2,020,000)
Administrative Expenses	1,904,579	1,428,614	1,127,530	301,084	534,549	1,662,079	242,500
Materials, Supplies & Utilities	4,648,793	3,486,651	3,332,886	153,765	1,393,907	4,726,793	(78,000)
Repairs & Maintenance	2,059,533	1,545,655	1,514,718	30,937	514,815	2,029,533	30,000
Purch. Serv. & Other Operating Exp.	3,240,388	2,430,303	2,525,065	(94,762)	727,323	3,252,388	(12,000)
Financial Expenditures	5,000	3,753	2,081	1,672	161,075	163,156	(158,156)
Capital Equipment & Renovations	679,837	509,892	155,484	354,408	349,353	504,837	175,000
Interfunctional Operating Charges	9,194,107	7,371,427	7,348,804	22,623	1,822,680	9,171,484	22,623
Interfunctional Operating Recoveries	(1,110,181)	(832,626)	(845,659)	13,033	(277,555)	(1,123,214)	13,033
Transfers to Reserves & Reserve Funds	3,366,000	3,366,000	3,366,000	0	70,000	3,436,000	(70,000)
Capital Recoveries	0	0	(8,950)	8,950	8,950	0	0
Total Gross Expenditure	**140,712,931**	**105,669,357**	**107,508,800**	**(1,839,443)**	**35,059,131**	**142,567,931**	**(1,855,000)**
Revenue							
Ontario/Canada Grants	(3,695,561)	(2,771,667)	(2,955,455)	183,788	(840,106)	(3,795,561)	100,000
Fees & Service Charges	(6,397,271)	(4,797,963)	(5,240,881)	442,918	(1,561,390)	(6,802,271)	405,000
Other Revenue	(1,293,166)	(969,885)	(941,840)	(28,045)	(351,326)	(1,293,166)	0
Transfers from Reserves & Reserve Funds	(2,267,910)	(2,267,910)	(2,267,910)	0	(1,350,000)	(3,617,910)	1,350,000
Total Revenue	**(13,653,908)**	**(10,807,425)**	**(11,406,087)**	**598,662**	**(4,102,822)**	**(15,508,909)**	**1,855,000**
Net Expenditure/(Revenue)	**$ 127,059,023**	**$ 94,861,932**	**$ 96,102,714**	**$ (1,240,782)**	**$ 30,956,309**	**$ 127,059,023**	**$ (0)**

Community Impacts & Achievements

Details reports submitted and received by the Police Services Board (PSB) at their monthly public meeting.

Variance Analysis

Full details are available in the Service Report to the PSB received by the Board on October 27, 2011. A copy has been submitted to the Region. The year to date actuals presented in the PSB Report show minor variances from the Regional information. This is a result of Regional transactions posted subsequent to the NPRS required month end close deadline. As of September 30, 2011, total Gross Expenditures were $1.8 million more and Recoveries and Revenues were $0.6 million less than the total approved, resulting in a Net Expenditures deficit of $1.2 million. The variance is primarily due to the implementation of the Internal Equity Arbitration Decision.

Provincial Offenses Act - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 1,668,713	$ 1,187,194	$ 1,242,645	$ (55,451)	$ 509,510	$ 1,752,155	$ (83,442)
Administrative Expenses	35,467	26,568	24,166	2,402	8,081	32,247	3,220
Materials, Supplies & Utilities	101,617	76,194	56,628	19,566	51,035	107,663	(6,046)
Repairs & Maintenance	3,325	2,493	1,575	918	1,750	3,325	(0)
Purch. Serv. & Other Operating Exp.	3,515,547	2,636,559	2,935,212	(298,653)	1,740,050	4,675,262	(1,159,715)
Financial Expenditures	120,000	90,000	37,067	52,933	20,000	57,067	62,933
Capital Equipment & Renovations	29,666	22,239	10,763	11,476	21,253	32,016	(2,350)
Interfunctional Operating Charges	604,808	453,609	454,128	(519)	151,199	605,327	(519)
Interfunctional Operating Recoveries	0	0	(5,531)	5,531	0	(5,531)	5,531
Transfers to Reserves & Reserve Funds	500,000	374,994	374,994	0	125,006	500,000	0
Total Gross Expenditure	**6,579,143**	**4,869,850**	**5,131,647**	**(261,797)**	**2,627,884**	**7,759,531**	**(1,180,388)**
Revenue							
Other Revenue	(7,533,309)	(5,649,975)	(7,073,198)	1,423,223	(2,357,732)	(9,430,930)	1,897,621
Total Revenue	**(7,533,309)**	**(5,649,975)**	**(7,073,198)**	**1,423,223**	**(2,357,732)**	**(9,430,930)**	**1,897,621**
Net Expenditure/(Revenue)	**$ (954,166)**	**$ (780,125)**	**$ (1,941,551)**	**$ 1,161,426**	**$ 270,152**	**$ (1,671,399)**	**$ 717,233**

Community Impacts & Achievements

Operating expenditures are a direct result of increasing demands for service placed on the court system. Additional costs were incurred in 2011 as staff prepared for the March 2012 introduction of the early resolution option through initiation of a pilot project relating to the centralization of disclosure. Additionally, staff time was spent designing and ordering newly considered Provincial Offence Notice ticket stock.

The consultant's report on the proposed amalgamation of POA facilities in Niagara was completed and presented to Regional Council in Q3. Further direction has been provided by council, which will result in additional research for further recommendations.

All of the major service indicators have continued to increase in both year-to-date and third quarter numbers. This includes counter visits, charges filed, trial requests, appeal appearances, and payments received. 2010 numbers presented record-highs at the time, and 2011 numbers are on track to surpass all of the 2010 indicators. At the end of the third quarter, trials were being scheduled for June/July of 2012, a nine month scheduling delay.

Variance Analysis

Operating expenditures are a direct result of increasing demands for service placed on the court system arising from:

- Levels of enforcement
- Increased use of labour pool staff to assist in providing service to the public
- Staffing of a pilot project relating to centralization of disclosure
- An increase in payments made to the Province

Notwithstanding the increase in operating expenditures (primarily arising from personnel costs in the use of labour pool staff and additional payments to be made to the Province), staff anticipates a revenue surplus at year-end. Due to the expected surplus, this forecast includes an additional year end distribution to local area municipalities of $717,233.

Niagara Regional Housing - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 3,556,847	$ 2,541,913	$ 2,705,538	$ (163,625)	$ 1,015,633	$ 3,721,171	$ (164,324)
Administrative Expenses	195,553	137,646	134,278	3,368	73,924	208,202	(12,649)
Materials, Supplies & Utilities	4,874,296	3,252,551	3,100,216	152,335	1,733,737	4,833,953	40,343
Repairs & Maintenance	3,593,200	2,137,684	2,336,460	(198,776)	1,466,976	3,803,436	(210,236)
Purch. Serv. & Other Operating Exp.	4,392,531	3,610,832	3,651,181	(40,349)	713,224	4,364,405	28,126
Financial Expenditures	2,967,338	2,221,414	2,356,752	(135,338)	600,586	2,957,338	10,000
Capital Equipment & Renovations	30,000	16,500	2,307	14,194	27,694	30,001	(1)
Interfunctional Operating Charges	2,156,519	1,832,626	1,833,091	(465)	332,110	2,165,201	(8,682)
NRH Housing Provider Subsidy & Supplemen	26,492,642	19,869,453	25,603,081	(5,733,628)	6,602,433	32,205,514	(5,712,872)
Transfers to Reserves & Reserve Funds	364,016	273,006	273,006	0	91,010	364,016	0
Capital Recoveries	0	0	(21,263)	21,263	0	(21,263)	21,263
Total Gross Expenditure	**48,622,942**	**35,893,625**	**41,974,646**	**(6,081,021)**	**12,657,327**	**54,631,973**	**(6,009,031)**
Revenue							
Ontario/Canada Grants	0	0	(5,827,610)	5,827,610	(105,261)	(5,932,871)	5,932,871
Other Revenue	(22,154,877)	(16,616,142)	(17,049,498)	433,356	(5,243,292)	(22,292,790)	137,913
Transfers from Reserves & Reserve Funds	(700,000)	(524,997)	(463,244)	(61,753)	(175,003)	(638,247)	(61,753)
Total Revenue	**(22,854,877)**	**(17,141,139)**	**(23,340,352)**	**6,199,213**	**(5,523,556)**	**(28,863,908)**	**6,009,031**
Net Expenditure/(Revenue)	**$ 25,768,065**	**$ 18,752,486**	**$ 18,634,294**	**$ 118,192**	**$ 7,133,771**	**$ 25,768,065**	**$ 0**

Niagara Regional Housing - Statement of Operations (cont'd)

Community Impacts & Achievements

Niagara Regional Housing (NRH) is responsible for direct ownership and management of a rental portfolio; the provision of subsidies to providers; the management of the waiting list; and the delivery of any federal/provincial programs.

Owned Units

NRH is responsible for property and asset management of a portfolio of 2,636 units including 35 apartment buildings and over 850 townhouses/houses. These units are home to over 6,500 people. This portfolio represents 35% of the operating budget for building related expenses – maintenance, taxes, utilities etc. Third quarter saw 63 new tenants move-in from the waiting list.

Rental Subsidy Programs – Housing Providers and Rent Supplement

Through rental subsidy programs an additional 5,000 units of affordable housing are available. The subsidies account for 54% of the operating budget. With an oversight role, NRH provides subsidy to 67 Non-profit and Co-operative Housing providers who provide over 4,000 units and are responsible for operating in accordance with legislative requirements. Under the Rent Supplement program private landlords make units available to applicants on the wait list. This quarter saw a net increase of 28 rent supplement units, and 116 new tenants housed under these programs.

Affordable Housing Waiting List

NRH maintains the affordable housing waiting list for the Region. The demand for housing continues to increase with 3% increase over the same quarter last year. At the end of third quarter, 174 applicants who are on the centralized waiting list are receiving a housing allowance to help offset their rents, while they wait for permanent subsidized accommodation.

Social Housing Rehabilitation and Retrofit Program

Through the provision of Federal and Provincial funds of $17m, over 200 capital jobs have been identified in the housing provider and owned unit portfolio. This program is now in its last year with over 90% completion rate. All jobs are scheduled for completion by the provincial deadline.

Variance Analysis

NRH is forecasting a breakeven position at year end. In-year pressures will be offset through reductions to other accounts or external funding as noted below.

Personnel Costs

The majority of the variance under personnel costs will be offset with funding from the Ontario/Canada grants and Capital recoveries. Savings in the travel account will offset the balance.

Owned Units

Utilities, taxes are on target. However, day-to-day repairs continue to increase. The variance for Repairs and Maintenance will be offset with favourable revenue from tenant rents and sundry.

Subsidy Programs

The unfavourable variance is due to the Social Housing and Retrofit program which is offset by the revenue shown under Ontario/Canada Grants.

General Government - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 2,000,205	$ 1,491,420	$ 2,321,313	$ (829,893)	$ 837,839	$ 3,159,152	$ (1,158,947)
Administrative Expenses	79,565	75,336	68,072	7,264	5,000	73,072	6,493
Materials, Supplies & Utilities	34,400	25,794	28,638	(2,844)	0	28,638	5,762
Purch. Serv. & Other Operating Exp.	5,977,406	4,483,056	4,471,166	11,890	1,458,153	5,929,319	48,087
Financial Expenditures	84,473,927	66,555,410	66,153,885	401,525	18,272,080	84,425,965	47,962
Interfunctional Operating Charges	1,111,221	833,409	834,054	(645)	277,812	1,111,866	(645)
Interfunctional Operating Recoveries	(47,715,698)	(39,365,767)	(39,656,740)	290,973	(8,545,829)	(48,202,569)	486,871
Transfers to Reserves & Reserve Funds	11,654,638	11,554,638	16,729,538	(5,174,900)	1,840,000	18,569,538	(6,914,900)
External Recoveries	(33,570,108)	(28,324,622)	(28,389,600)	64,978	(5,245,490)	(33,635,090)	64,982
Total Gross Expenditure	**24,045,556**	**17,328,674**	**22,560,327**	**(5,231,653)**	**8,899,565**	**31,459,892**	**(7,414,336)**
Revenue							
Taxation - Levy	(300,530,189)	(213,624,819)	(214,079,171)	454,352	(86,531,390)	(300,610,561)	80,372
Ontario/Canada Grants	(200,000)	0	(5,174,900)	5,174,900	0	(5,174,900)	4,974,900
Fees & Service Charges	(15,130)	(11,340)	(22,975)	11,635	0	(22,975)	7,845
Other Revenue	(10,490,031)	(7,800,003)	(11,104,063)	3,304,060	(3,628,432)	(14,732,495)	4,242,464
Transfers from Reserves & Reserve Funds	(2,976,664)	(2,941,658)	(2,941,658)	0	(35,006)	(2,976,664)	0
Total Revenue	**(314,212,014)**	**(224,377,820)**	**(233,322,768)**	**8,944,948**	**(90,194,828)**	**(323,517,596)**	**9,305,582**
Net Expenditure/(Revenue)	**$ (290,166,458)**	**$ (207,049,146)**	**$ (210,762,441)**	**$ 3,713,295**	**$ (81,295,263)**	**$ (292,057,704)**	**$ 1,891,246**

General Government - Statement of Operations (cont'd)

Community Impacts & Achievements

Certain risks associated in General Government include:

- Legal Liability could fluctuate at year-end depending on claims status
- Line of sight on write-offs and supplemental taxes is limited as it is not provided by the local area municipalities until year-end. Currently forecasted as budgeted

Variance Analysis

The majority of the favourable year to date variance is a result of increased investment income, included in other revenue, (see investment report for further details on page 35). Investment income has not yet been allocated to specific reserve funds in 2011 as a revised methodology for this allocation is being prepared for consideration at a Corporate Services Committee meeting in January 2012. The Ontario Municipalities Partnership Fund (OMPF) grant received of $5.2 million included within Ontario/Canada Grants was transferred to a Taxpayer Relief reserve.

Increased personnel costs in the first nine months of the year are a result of higher then planned termination/early sick leave payouts and benefits for retirees and employees on leave. As well as increased WSIB costs which are offset in the favourable interfunctional operating recoveries as these are charges to the individual departments. Favourable financial expenditures are mainly a result of timing of processing of debt related charges. The 2011 budget did not consider the impact of interest accruals. This impact has been factored into the financial expenditures forecast above and as included in the 2012 budget.

Favourable investment income is partially offset by the unfavourable transfer to reserves for the estimated allocation of investment income to reserves and an investment income stabilization reserve. In the 2011 budget this transfer was budgeted net against investment income but in 2012 will be budgeted gross to reflect full investment income.

Favourable financial expenditures are a result of no debt issue costs in 2011 and the fact that 2011 interest accruals are expected to be lower than 2010.

Special Initiatives/Joint Initiatives - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Financial Expenditures	$ 184,350	$ 171,600	$ 7,250,000	$ (7,078,400)	$ 19,350	$ 7,269,350	$ (7,085,000)
Transfers to Reserves & Reserve Funds	1,150,000	1,150,000	1,150,000	0	0	1,150,000	0
Total Gross Expenditure	**1,334,350**	**1,321,600**	**8,400,000**	**(7,078,400)**	**19,350**	**8,419,350**	**(7,085,000)**
Revenue							
Transfers from Reserves & Reserve Funds	(95,000)	(95,000)	(7,180,000)	7,085,000	0	(7,180,000)	7,085,000
Total Revenue	**(95,000)**	**(95,000)**	**(7,180,000)**	**7,085,000**	**0**	**(7,180,000)**	**7,085,000**
Net Expenditure/(Revenue)	**$ 1,239,350**	**$ 1,226,600**	**$ 1,220,000**	**$ 6,600**	**$ 19,350**	**$ 1,239,350**	**$ -**

Community Impacts & Achievements

The Region has contributed $7,250,000 to special initiatives ($1,000,000 to Brock BioScience, $550,000 to Niagara College and $5,630,000 for the Cancer Centre). These contributions were fully funded from reserves and approved by Council. The remaining $70,000 allocated to PanAm Games was approved by Council through the 2011 budget approval. The full current multi-year commitment for both Brock BioScience and Niagara College has been paid.

The Region transferred $1,000,000 to the Hospital Contribution Reserve and $150,000 to the Brock Bio Science Reserve as planned.

Variance Analysis

In the last quarter, the Niagara Region plans to contribute $15,000 related to the 2015 PanAm Games.

Niagara Economic Development Corporation (NEDC) Grant

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Purch. Serv. & Other Operating Exp.	$ 1,896,128	$ 1,412,096	$ 1,412,096	$ -	$ 484,032	$ 1,896,128	$ -
Interfunctional Operating Charges	0	0	135	(135)	0	135	(135)
Transfers to Reserves & Reserve Funds	0	0	95,000	(95,000)	0	95,000	(95,000)
Total Gross Expenditure	**1,896,128**	**1,412,096**	**1,507,231**	**(95,135)**	**484,032**	**1,991,263**	**(95,135)**
Revenue							
Other Revenue	0	0	(95,000)	95,000	0	(95,000)	95,000
Total Revenue	**0**	**0**	**(95,000)**	**95,000**	**0**	**(95,000)**	**95,000**
Net Expenditure/(Revenue)	**$ 1,896,128**	**$ 1,412,096**	**$ 1,412,231**	**$ (135)**	**$ 484,032**	**$ 1,896,263**	**$ (135)**

Community Impacts & Achievements

NEDC is a separate corporation that receives funding from the Niagara Region. The above summary shows the grant the Niagara Region provides NEDC. This summary does not show NEDC's operating results.

Year to date NEDC has received three quarters of their annual funding.

At the October 27, 2011 Council, report EDTF 2-2011 was approved to move the Niagara Region to a new economic development model.

Variance Analysis

In 2010 the Niagara Region funded NEDC $95,000 with the intent that they would provide Niagara College with a grant. The terms of the agreement with Niagara College were solidified in 2011 which resulted in the Niagara Region funding the college instead of NEDC. As a result, NEDC has returned the 2010 funding back to the Region showing as revenue above. Since these funds were initially ear marked for Niagara College, they were transferred to the Niagara College Reserve. This reserve is left with an $85,000 balance (see page 33) after paying the Niagara College funding commitment. A report will be issued in the 4th quarter to repurpose these funds to the contingency reserve or as directed by Council.

Niagara Peninsula Conservation Authority (NPCA) Grant

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Financial Expenditures	$ 5,171,816	$ 3,878,862	$ 3,863,732	$ 15,130	$ 1,292,954	$ 5,156,686	$ 15,130
Total Gross Expenditure	**5,171,816**	**3,878,862**	**3,863,732**	**15,130**	**1,292,954**	**5,156,686**	**15,130**
Revenue							
Transfers from Reserves & Reserve Funds	(300,000)	(300,000)	(300,000)	0	0	(300,000)	0
Total Revenue	**(300,000)**	**(300,000)**	**(300,000)**	**0**	**0**	**(300,000)**	**0**
Net Expenditure/(Revenue)	**$ 4,871,816**	**$ 3,578,862**	**$ 3,563,732**	**$ 15,130**	**$ 1,292,954**	**$ 4,856,686**	**$ 15,130**

Community Impacts & Achievements

NPCA is a separate corporation that receives funding from the Niagara Region. The above summary show the grant the Niagara Region provides the NPCA and not their operating results.

The Region will provide NPCA the remaining quarter of their approved annual funding in the fourth quarter.

In addition to the operating grant identified above, the Niagara Region also provided NPCA with a $1,513,121 capital grant in 2011. The 2012 budget adds the capital grant to the overall operating grant to fully reflect the Niagara Region's funding of the NPCA.

Variance Analysis

Year to date NPCA has received three quarters of their annual funding as planned with the exception of $15,130 which was intended to fund debt issue costs. Since there was no debt issue in 2011, the portion of the grant intended to cover these costs was returned to the Region.

In 2011, NPCA requested $300,000 in funding for water related activities and this was provided through the water reserves.

Reserve Report

Description	Balances at December 31, 2010	Year to Date Net Transfers from/(to) Operating (Jan-Sep)	Year to Date Capital Transfers	Balances at September 30, 2011	Forecasted Net Transfers from/(to) Operating (Oct-Dec)	Capital Commitments	Forecast Balance at December 31, 2011
Chemical, Biological, Radiological, Nuclear (CBRN)							
Emergency Response Team	$ 149,541	$ 33,750	$ -	$ 183,291	$ 11,250	$ -	$ 194,541
Ambulance Replacement	552,505	520,200	(725,000)	347,705	-	-	347,705
New Affordable Housing Development Initiative	7,415,574	-	-	7,415,574	-	-	7,415,574
Emergency capital funding for housing	1,924,871	-	-	1,924,871	-	-	1,924,871
Fleet Equipment Replacement	5,561,270	1,439,633	(1,123,783)	5,877,120	479,878	-	6,356,998
Police Equipment Replacement	144,518	1,841,000	(1,773,611)	211,907	-	-	211,907
Print Shop Equipment	190,111	(190,111)	-	-	-	-	-
Welland Canal Crossings	141,342	-	-	141,342	-	-	141,342
NRH Owned Units	3,841,326	273,012	(739,196)	3,375,142	91,010	-	3,466,152
Niagara Transportation Superbuild	429,929	(429,929)	-	-	-	-	-
PW Field Admin. Equip. Replacement	466,931	75,000	(467,605)	74,326	25,000	-	99,326
Sign Shop Equip. Replacement	65,537	(20,537)	(45,000)	-	-	-	-
Director Engineering Equip Replacement	53,199	-	(53,199)	-	-	-	-
Senior Services Capital	3,187,994	319,656	(781,000)	2,726,650	102,577	-	2,829,227
Waterfront and Related Capital Projects	224,496	(224,496)	-	-	-	-	-
Police Emergency Preparedness	50,000	-	-	50,000	-	-	50,000
Police Surplus	336,664	(336,664)	-	-	-	-	-
Fire Co-ordinator	75,874	9,859	-	85,733	3,286	-	89,019
Building Standards	129,196	-	(129,196)	-	-	-	-
Police Building Standards	1,669	(1,669)	-	-	-	-	-
Community Services Buildings	75,309	11,973	-	87,282	-	-	87,282
POA Facility Renewal	1,194,058	375,000	-	1,569,058	125,006	-	1,694,064
General Property Acquisition	849,025	150,975	(1,000,000)	-	-	-	-
Mapping Infrastructure System	113,202	-	(113,202)	-	-	-	-
Police Capital Levy	1,308,186	1,300,000	(1,195,483)	1,412,703	-	(500,000)	912,703
General Capital Levy	13,203,807	11,602,548	(17,547,346)	7,259,009	374,994	(1,765,263)	5,868,740
Public Health Vehicles & Equipment	366,040	-	-	366,040	-	-	366,040
Police Ontario Police Viedo Training Alliance Reserve	31,250	-	-	31,250	-	-	31,250
Specialized Transit Equipment	186,195	75,000	-	261,195	25,000	-	286,195
Total Levy Supported Capital	**42,269,620**	**16,824,200**	**(25,693,621)**	**33,400,199**	**1,238,001**	**(2,265,263)**	**32,372,937**

Reserve Report (cont'd)

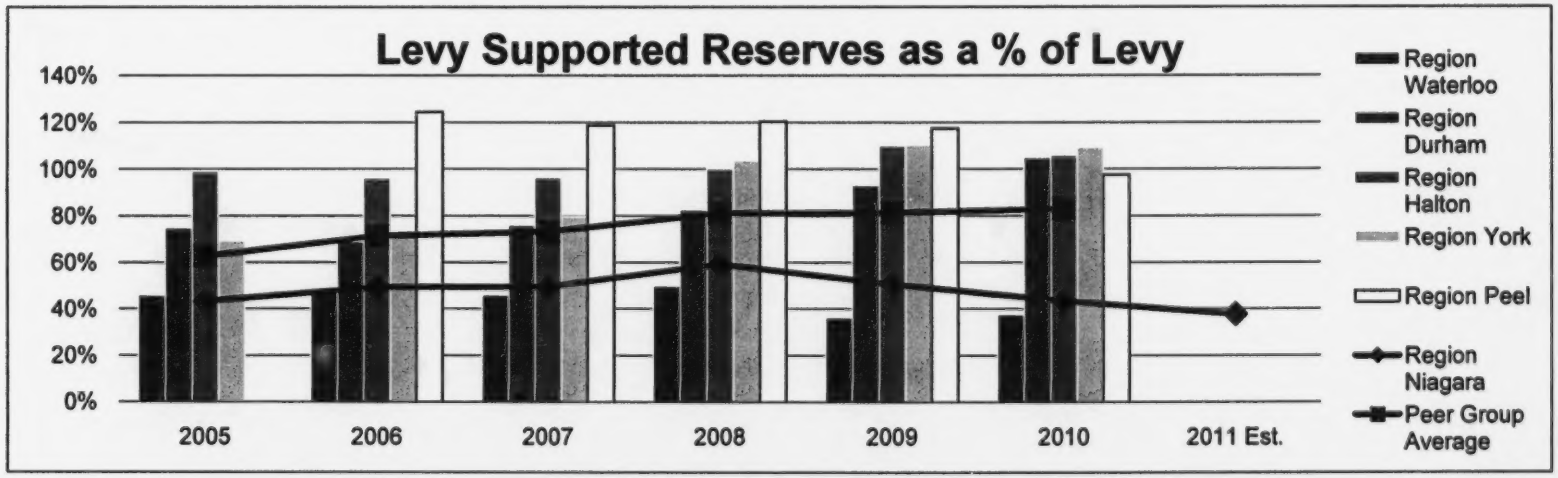
Description	Balances at December 31, 2010	Year to Date Net Transfers from/(to) Operating (Jan-Sep)	Year to Date Capital Transfers	Balances at September 30, 2011	Forecasted Net Transfers from/(to) Operating (Oct-Dec)	Capital Commitments	Forecast Balance at December 31, 2011
NRH Rent Supplement	1,427,509	(387,439)	-	1,040,070	(175,003)	-	865,067
Social Assistance	8,621,850	(1,119,806)	-	7,502,044	1,119,789	-	8,621,833
Childrens Services	698,594	-	-	698,594	-	-	698,594
Health Unit Wallington	44,666	-	-	44,666	-	-	44,666
Year End Transfer	2,500,000	(2,500,000)	-	-	-	-	-
Communication Strategy	40,000	(40,000)	-	-	-	-	-
Public Health Environmental Health	97,319	(97,319)	-	-	-	-	-
Telecommunications	193,086	(193,086)	-	-	-	-	-
Police Contingency	364,880	1,669	-	366,549	-	-	366,549
Contingency	8,285,566	(192,950)	-	8,092,616	(1,055,791)	-	7,036,825
Improvement Initiatives	81,056	437,070	-	518,126	(20,988)	-	497,138
Police Services Board Contingency	130,154	-	-	130,154	70,000	-	200,154
Fuel Stabilization	250,000	(250,000)	-	-	-	-	-
Investment Income Stabilization	-	-	-	-	740,000	-	740,000
Taxpayer Relief	-	5,174,900		5,174,900	-	-	5,174,900
Total Stabilization Reserves	**22,734,680**	**833,039**	**-**	**23,567,719**	**678,007**	**-**	**24,245,726**
Police Accumulated Sick	5,114,181	(250,000)	-	4,864,181	(200,000)	-	4,664,181
Regional OMERS	13,020	-	-	13,020	-	-	13,020
Future Benefit Cost	2,349,575	-	-	2,349,575	-	-	2,349,575
WSIB	14,121,022	(24,938)	-	14,096,084	(8,320)	-	14,087,764
Accumulated Sick Leave	3,116,831	(105,000)	-	3,011,831	(35,006)	-	2,976,825
Unrecorded Liabilities Public Sector Accounting Board	6,762,286	-	-	6,762,286	-	-	6,762,286
Employee future benefits - NRH	875,679	-	-	875,679	-	-	875,679
Police Future Benefits	1,111,848	1,109	-	1,112,957	(1,150,000) *	-	(37,043)
Police WSIB	1,989,055	225,000	-	2,214,055	-	-	2,214,055
Police OMERS	1,109	(1,109)	-	-	-	-	-
Sub-total Employee Benefit Liabilities **	35,454,606	(154,938)	-	35,299,669	(1,393,326)	-	33,906,343
Tax Write off Stabilization	5,000,000	-	-	5,000,000	-	-	5,000,000
Self Insurance	2,507,515	-	-	2,507,515	-	-	2,507,515
Land Ambulance Severance	3,741,199	352,550	-	4,093,749	117,517	-	4,211,266
Total Liabilities	**46,703,320**	**197,612**	**-**	**46,900,933**	**(1,275,809)**	**-**	**45,625,124**

* The Police are forecasting a reserve transfer of $1,150,000 to offset their expected deficit. This has been forecasted against the employee benefit reserve for the purpose of this report however final decision of which reserve the funds are to come from is yet to be determined.

** At December 31, 2010 unfunded employee future benefit liabilities (including vacation and lieu liabilities) were $81,292,757 (Reserves = $35,454,606). Estimated unfunded employee future benefit liabilities at December 31, 2011 are $83,585,949 (Reserves = $33,906,343).

Reserve Report (cont'd)

Description	Balances at December 31, 2010	Year to Date Net Transfers from/(to) Operating (Jan-Sep)	Year to Date Capital Transfers	Balances at September 30, 2011	Forecasted Net Transfers from/(to) Operating (Oct-Dec)	Capital Commitments	Forecast Balance at December 31, 2011
Brock BioScience	1,000,000	(1,000,000)	-	-	-	-	-
Culture Capital of Canada	374,000	(374,000)	-	-	-	-	-
Niagara College Commitment	445,000	(360,000)	-	85,000	-	-	85,000
Circle Route Initiatives	-	224,496	1,258,185	1,482,681	-	-	1,482,681
Corporate Employee Recognition Team (CERT)	411,059	-	-	411,059	-	-	411,059
Encumbrance	1,069,490	(1,069,490)	-	-	-	-	-
Hospital Contributions	5,630,000	(4,630,000)	-	1,000,000	-	-	1,000,000
Smart Growth	1,910,899	(130,994)	-	1,779,905	(43,676)	-	1,736,229
Total Regional Commitments	**10,840,448**	**(7,339,988)**	**1,258,185**	**4,758,645**	**(43,676)**	**-**	**4,714,969**
Sewage Operations Capital Works	62,416,939	9,813,454	(17,047,037)	55,183,356	4,522,735	(15,600,000)	44,106,091
Water Operations Capital Works	65,327,728	15,563,232	(13,274,826)	67,616,134	5,286,755	(10,650,000)	62,252,889
Waste Management	16,389,311	175,664	(6,495,000)	10,069,975	58,547	-	10,128,522
Total Rate Supported Capital	**144,133,978**	**25,552,350**	**(36,816,863)**	**132,869,465**	**9,868,037**	**(26,250,000)**	**116,487,502**
Unallocated Interest on Reserve Funds							
Total (Excluding Deferred Revenues)	**$ 266,682,046**	**$ 36,067,213**	**$ (61,252,299)**	**$ 241,496,961**	**$ 10,464,560**	**$ (28,515,263)**	**$ 223,446,258**



Deferred Revenues (Development Charges & Gas Tax Reserve Funds)

Description	Balances at December 31, 2010	Year to Date Net Transfers from/(to) Operating (Jan-Sep)	Year to Date Capital Transfers	Balances at September 30, 2011	Forecasted Net Transfers from/(to) Operating (Oct-Dec)	Capital Commitments *	Forecast Balance at December 31, 2011
Development Charges-General Government	$ 482,193	$ (56,717)	$ -	$ 425,476	$ (13,256)	$ -	$ 412,220
Development Charges-Public Works	185,631	-	-	185,631	-	-	185,631
Development Charges-Police Services	861,786	114,053	-	975,839	35,947	-	1,011,786
Development Charges-Roads	16,758,789	3,664,821	(14,862,726)	5,560,884	1,355,173	-	6,916,057
Development Charges-Sewer	4,169,758	2,468,210	(2,940,908)	3,697,060	831,790	-	4,528,850
Development Charges-Water	9,836,964	1,122,014	(1,830,587)	9,128,391	277,986	(150,000)	9,256,377
Development Charges-Emergency Medical	126,454	2,004	-	128,458	-	-	128,458
Dev Deposit/Protest	144,921	(144,921)	-	-	-	-	-
Provincial Gas Tax	1,097,961	(1,097,961)	-	-	-	-	-
Federal Gas Tax	8,866,361	6,555,570	(7,366,418)	8,055,513	6,555,569	(13,111,139)	1,499,943
Total	**$ 42,530,818**	**$ 12,627,073**	**$ (27,000,639)**	**$ 28,157,252**	**$ 9,043,209**	**$ (13,261,139)**	**$ 23,939,322**

* The capital commitments included represent all approved capital project expenditures budgeted to be funded by development charges.
Each year end a review of the status of these capital projects is completed and revenue earned is transferred from the development charge account to the capital project. In this respect, the forecast balance is understated as it represents uncommitted development charges to be applied to capital projects through future capital budgets.

Development Charge Revenues

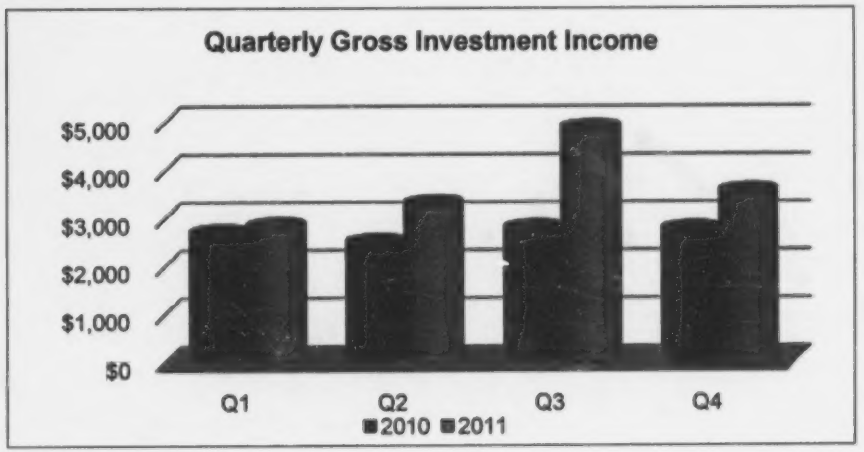
	2010 Actuals		2011 September YTD	
Gross Development Charge Revenues	33,558,395		16,134,417	
Less: Non-discretionary exemptions	(2,370,647)	7.1%	(1,350,029)	8.4%
	31,187,748		14,784,388	
Less: Discretionary exemptions (Forgone Revenue)	(20,142,941)	60.0%	(6,741,644)	41.8%
Net Development Charges Revenues **	11,044,807	32.9%	8,042,744	49.8%

** Development charge revenues are deposited to the reserve funds above.

Note: Forgone revenues in 2010 include approximately $9 million related to the new Hospital. Forgone revenues result in less funding available for growth related projects. This has a direct levy/rate impact.

Investment Report (in 000's)

Institution	Aggregate Amount of Investment by Institution	Holdings by Security including Cash Balance
Investments		
Region of Niagara	31,351	6.4%
Federal	15,572	3.2%
Provincial	144,053	29.4%
Municipal	14,646	3.0%
Major Schedule I Banks	200,445	40.9%
Corporate (PHCP Humber LP)	3,000	0.6%
Supranational	5,000	1.0%
TOTAL excluding Cash	414,066	84.6%
Cash (General Checking)	50,910	10.4%
Cashable GIC's	23,145	4.7%
Sinking Fund	1,514	0.3%
TOTAL including Cash	489,635	100.0%



Funds	Book Value	Weight Q3
Cash	50,910	10.4%
Cash Equivalents < 1 Year	108,255	22.1%
2 Year	53,481	10.9%
3 Year	42,569	8.7%
4 Year	101,161	20.7%
5+ Year	131,746	26.9%
Sinking Fund (Cash as of Sept 30, 2011)	1,514	0.3%
Total Portfolio	489,635	100%

	Q1	Q2	Q3	Q4	Total
2010 Actuals (Gross)	2,678	2,490	2,777	2,747	10,692
2011 Budget (Gross)	2,845	2,845	2,845	2,845	11,379
2011 Budget (Net)	2,845	2,845	2,845	1,845	10,379
2011 Forecast (Gross)	2,819	3,281	4,870	3,538	14,509
2011 Forecast (Net)	2,819	3,281	4,870	1,798	12,769

Note: Net amounts are after interest allocation to reserve funds and recommended transfer to investment income stabilization reserve.

Investment Update

Investment earnings on the portfolio for the third quarter of 2011 amounted to $4,870,205. Segmented earnings were $4,653,465 on investments and $216,740 on the cash (general account) balance. The third quarter annualized rate of return if the investment and cash portfolio was 3.95% vs. 2.6% in the prior quarter. The enhanced yield was the product of realizing $1,347,142 in capital gains. At September 30, 2011, the portfolio had unrealized market gains (market value vs. book value) of $9,754,879 vs. $5,406,734.

Budget Adjustment Reconciliation

Throughout the year, budget adjustments are made to reflect revised external funding for programs and to reallocate costs between departments or accounts due to operational changes. The primary driver of external funding adjustments is the Ministry funded programs because they set their budgets after the Region's budget is approved. However, the Ministries want to see these dollars reflected in the Region's budget. For this reason adjusting the gross budget throughout the year has been a long standing practice at the Niagara Region. Adjusting the gross budget has no impact on the levy as both external revenue and expenses are increased equally to reflect those program requirements. The net budget impacting levy and rate is not adjusted. Below is a summary of gross budget adjustments that have been processed to date. Reallocations of costs within departments or among categories are not summarized below. The adjusted budget is presented throughout this reporting book.

Original Budget Revenue & Expenditures		**$740,012,217**	
Reclassification Adjustments[1]			
Tax Write-Offs	$ 6,075,219		
Transfer to Reserve	500,000		
NPCA Debt Issue Costs Recovered	15,130		
Salary Chargeback	113,412	**6,703,761**	
Budget Adjustments[2]			
General Administration	21,250		Record additional Corporate Employee Recognition Team (CERT) funding and expenses.
Police Services & Board	349,227		Record Provincial Anti-Violence Intervention Strategy (PAVIS) Grant funding and expenses as per new contract.
Public Health	31,664		Record Ministry of Health and Long-term Care (MOHLTC) one-time funding and expenses for sexual health special project.
Public Health	555,000		Record MOHLTC one-time funding and expenses for low income dental program.
Public Health	78,344		Record MOHLTC funding and expenses for food safety - farm to fork program.
Public Health	(50,000)		Reduction of MOHLTC funding and expenses for Breast Health Initiative.
Public Health	73,890		Record MOHLTC funding and expenses for New & Emergent Concerns program.
Public Health	191,140		Record MOHLTC funding and expense for Emergency Disease Response Capacity program.
Public Health	26,446		Record MOHLTC funding and expense for Safe Water Program.
Public Health	156,727		Record MOHLTC funding and expense for Bed Bug Program.
Public Health	(89,390)		Reduction of MOHLTC funding and expenses for Niagara Drug Awareness Program.
Community Services	1,556,433		Record subsidy received for MOHLTC Construction Costs. Offset by chargeback of debt charges.
Community Services	185,000		Record one-time funding and expenses.
Community Services	410,260		Record MOHLTC Compliance premium and expense
Emergency Services	197,107		Record MOHLTC additional offload nurse funding and expense.
Emergency Services	600,865		Record MOHLTC additional funding and expenses.
Emergency Services	234,800		Reflects applied emcumbrance reserve transfer so that Niagara Region's portion of budget matched (50/50) MOHLTC portion.
Emergency Services	43,275		Record new MOHLTC funding and expense for Offload Nurse program.
Waste Management	8,670	**4,580,708**	Transfer of budget from capital to operating as forklift purchase planned in capital but was actually leased.
September 30, 2011 Adjusted Budget		**$751,296,686**	

[1] Items included as offsets to revenue in budget process but included as expenditures for actual financial statement reporting.

[2] Adjustments to the original gross expenditure budget.

Explanation of Statement of Operations

The statements of operations provided in the following pages summarize the Niagara Region's financial operating activity as of September 30, 2011 and forecasts expected operating results to the end of the 2011 year. These statements have been compiled by Corporate Services and the departments have validated the information and provided forecasts and commentary.

These statements present the net funding position of the Niagara Region's operating budget and do not include Private Sector Accounting (PSA) adjustments for amortization, employee future benefits, and landfill liability. Approved and/or expected unbudgeted transfers to/from reserves and reserve funds can offset other variances and affect net surplus/deficit reported by departments. These statements do not include capital activity.

Certain assumptions and estimates are required to forecast results. The assumptions and estimates made have been done so with information available to management at the time of writing this quarterly financial update. Readers of these reports are cautioned that actual operating results may vary from the forecast information presented.

To better help users understand what is included in the report, below are some definitions.

Report Columns

Annual Budget - represents the annual budget approved by council in March 2011 with budget adjustments as explained on page 36.

Year To Date Budget - represents the portion of the annual budget expected to be realized from January through September.

Year To Date Actual - represents actual costs incurred and revenues earned from January to September. Departments have accrued for goods or services received but not yet paid for and revenues earned but not yet received.

Year To Date Variance - represents the difference between the year to date budget and the year to date actual. An unfavourable variance (i.e. actual expenditures are greater than budgeted or actual revenues are less than budgeted) is shown as a negative and a favourable variance (i.e. actual expenditures are less than budgeted or actual revenues are greater than budgeted) is shown as a positive.

Year To Go Forecast - represents the expected expenditures and revenues for the remainder of the year (October to December). Departments determined these forecasts based on their knowledge of current operations. As noted, actual operating results may vary from the forecasted information presented.

Annual Forecast - represents the year to date actual plus the year to go forecast. It is intended to project expected organization results at the end of the current year based on information available at September 30, 2011. As noted, actual operating results may vary from the forecasted information presented.

Annual Budget vs Forecast Variance - represents the difference between the annual budget and the annual forecast. An unfavourable variance (i.e. actual expenditures are greater than budgeted or actual revenues are less than budgeted) is shown as a negative and a favourable variance (i.e. actual expenditures are less than budgeted or actual revenues are greater than budgeted) is shown as a positive.

Explanation of Statement of Operations (cont'd)

Report Rows

EXPENDITURES

Personnel Costs - include all salaries, benefits, and personnel related allowances (meals, clothing, training, etc).

Administrative Expenses - include some allowances (car, mileage, etc.), memberships, training and related expenses and other miscellaneous expenses.

Materials, Supplies and Utilities - include costs for; chemical, medical and office supplies, small equipment, waste management supplies, and all utilities.

Repairs & Maintenance - include all costs to repair or maintain equipment, property and vehicles.

Purchased Services and Other Operating Expenses - include costs for audit, advertising, consulting, insurance, leases, contracted services, Provincial Offenses Act (POA) expenses and other expenses.

Social Assistance - costs include all Ontario Works allowances and benefits program costs.

Financial Expenditures - include all interest charges, principal debt payments, tax write-offs, and bad debt expense. The debt related charges included in this section get allocated to departments though the chargeback/recovery process.

Capital Equipment and Renovation - costs include all capital expenditures processed through the operating statement.

Interfunctional Operating Charges - include all departmental chargebacks for various services. Chargebacks are recorded internally as a mechanism to reflect the full cost of each department. It is widely recognized within the organization that the current chargeback model does not achieve full cost accounting and as such FMP will lead a review of the current chargeback model in the fall of 2011. For departments, interfunctional operating charges include insurance costs, rental costs, audit costs, WSIB costs, allocated salary costs, debt related costs, IT related costs, and many other interfunctional cost allocations. At a corporate level this will balance to interfunctional operating recoveries.

Interfunctional Operating Recoveries - include all department recoveries for various services described in the interfunctional operating charges above. At a corporate level this will balance to interfunctional operating charges.

Niagara Regional Housing (NRH) Provider Subsidy and Supplements - include all rent supplements and the use of all housing related subsidies.

Explanation of Statement of Operations (cont'd)

Transfer to Reserves and Reserve Funds - include all transfers of funds in the current year from operating to a reserve or reserve fund. At a corporate level the net of the transfers to reserves and the transfers from reserves represents our total contribution to reserves or draw on reserves in the year.

External Recoveries - include all costs the Region recovers from outside boards and agencies or other external parties. It mainly includes debt charges recovered from area municipalities, school boards, and Niagara Peninsula Conservation Authority (NPCA).

Capital Recoveries - include all costs that are incurred in the operating statements but subsequently allocated to capital projects. It mainly includes personnel costs and project management fees allocated to capital projects.

REVENUES

Taxation – Levy - includes all revenues received from area municipalities including Payment-in-lieu (PIL) and supplemental. It also includes power dams revenue.

Taxation – Rate - includes all funds received to support water and wastewater operations.

Ontario/Canada Grants - include all funds received from the provincial and federal governments.

Fees and Services Charges - include child care fees, health fees, police fees (i.e. accident reports, etc), seniors homes fees (i.e. long term care accommodations fees), road fees, waste management fees (i.e. requisitions on local area municipalities) and other miscellaneous fees (i.e. zoning).

Other Revenue - includes investment income, POA revenue, recycling revenue, NRH revenue, and other revenue.

Transfers from Reserves & Reserve Funds - Transfers from reserves and reserve funds include all transfers of funds in the current year to operating from a reserve or reserve fund. At a corporate level the net of the transfers from reserves and the transfers to reserves represents our total contribution to reserves or draw on reserves in the year.

NOTES

Niagara Region

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Niagara Region Printing Services November 17, 2011